



City of Hallandale Beach City Commission Agenda Cover Memo

Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Meeting Date:	Item Type:		1 st Reading	2 nd Reading
10/14/2020	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	N/A	N/A
		Public Hearing	<input type="checkbox"/>	<input type="checkbox"/>
		Advertising Required	<input type="checkbox"/>	<input type="checkbox"/>
		Quasi Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
File No.:				
20-367				
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number :	
\$80,000	\$80,000	Various Accounts	N/A	
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RFP# FN-18-02 Investment Management Services	Emil Lopez - Director	Finance Department	
Strategic Plan Focus Areas:				
<input checked="" type="checkbox"/> Financial		<input type="checkbox"/> Organizational Capacity	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Development, Redevelopment and Economic Development
Implementation Timeline				
Estimated Start Date: Click or tap to enter a date. Estimated End Date: Click or tap to enter a date.				

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE PIGGY-BACKING OF THE CITY OF PEMBROKE PINES RFP #FN-18-02 FOR INVESTMENT MANAGEMENT SERVICES WITH PFM ASSET MANAGEMENT LLC; AND PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

The contract between the City and PFM Asset Management LLC for investment management services expired on September 30, 2020. The City is satisfied with the services provided, and is seeking City Commission authorization to piggyback off the City of Pembroke Pines contract with PFM Asset Management per RFP #FN-18-02 (Exhibit 2). The City found that piggybacking off this contract to be more cost effective.

Background:

The City released RFP# FY2014-2015-015 for Investment Advisory Services on May 26, 2015. PFM Asset Management LLC was selected and, through Resolution No. 2015-72, was awarded the contract for investment advisory services on August 5, 2015. The contract expired on September 30, 2020.

The compensation structure of PFM Services to the City is based on the daily net assets under management according to a pre-established schedule:

First \$25 million	10 basis points (0.10%)
Next \$25 million	8 basis points (0.08%)
Over \$50 million	7 basis points (0.07%)

PFM responsibilities include, but are not limited to, managing the City's separate investment portfolios, working with City's staff to develop cash flow analysis and projections, and serving as general resource to the City staff for investment information, advice and compliance. It also provides monthly and quarterly statements on investment performance. The foremost objective of this investment program is the safety of the principal of those funds within the portfolios.

Current Situation:

The Investment Advisory Services contract provided for an initial term through September 30, 2016, and is subject to renewal for additional one (1) year periods for up to five (5) years, upon mutual consent of the parties. Resolution No. 2019-097 dated October 11, 2019, extended the term of the original contract for investment advisory services between the City and PFM Asset Management through September 30, 2020. Per the contract term, there are no more additional renewals.

The City is satisfied with the services provided, and is seeking City Commission authorization to piggyback off the City of Pembroke Pines contract with PFM Asset Management per RFP #FN-18-02. The City found that piggybacking off this contract to be more cost effective.

The compensation structure of the contract between the City of Pembroke Pines and PFM Asset Management for asset management services (Exhibit 3) is based on the daily net assets under management according to a pre-established schedule:

First \$25 million	10 basis points (0.10%)
Next \$25 million	8 basis points (0.08%)
Next \$50 million	7 basis points (0.07%)
Over \$100 million	6 basis points (0.06%)

The piggyback contract (RFP #FN-18-02) includes a discounted investment advisory fee that will benefit the City during the initial term of the contract. The pre-established schedule for the five years is listed in the following table:

Assets Under Management	Year 1	Year 2	Year 3	Year 4	Year 5
First \$25 Million	7.3 bps (0.073%)	7.3 bps (0.073%)	8.0 bps (0.080%)	10 bps (0.10%)	10 bps (0.10%)
Next \$25 Million	7.0 bps (0.070%)	7.0 bps (0.070%)	7.4 bps (0.074%)	8 bps (0.08%)	8 bps (0.08%)
Next \$50 Million	6.5 bps (0.065%)	6.5 bps (0.065%)	6.8 bps (0.068%)	7 bps (0.07%)	7 bps (0.07%)
Over \$100 Million	6.0 bps (0.060%)	6.0 bps (0.060%)	6.0 bps (0.060%)	6 bps (0.06%)	6 bps (0.06%)

Why Action is Necessary:

Pursuant to Chapter 23, Section 23-8 Exception to Bid Requirements, (6) Bids and Contracts from Other entities, and Section 23-9 Cooperative Purchasing, the City Manager is authorized to procure all supplies, materials, equipment and services from other governmental units, when the best interests of the City would be served subject to the requirement that any purchase in excess of \$50,000 requires City Commission approval.

Fiscal Impact:

Investment Advisory fees for year 1 are estimated at \$80,000.

Cost Benefit:

The foremost objective of the City’s investment program is the safety of the principal of the funds within the portfolios. These portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Additionally, investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Contracting the services of an asset management firm helps the City meet these objectives while providing investment advise and expertise. Additionally, we expect that the piggyback contract will bring savings during fiscal year 2021 based on the discounted investment advisory fee as listed in the PFM Proposal (Exhibit 3).

PROPOSED ACTION:

Staff recommends the approval of the attached Resolution authorizing the City Manager to execute all related documents.

ATTACHMENT(S):

- Exhibit 1 – Proposed Resolution
- Exhibit 2 – RFP#FN-18-02 City of Pembroke Pines Proposal
- Exhibit 3 – PFM Proposed Fee Schedule
- Exhibit 4 – City of Pembroke Pines and PFM Executed Agreement